



Legislation Text

File #: 19-332, **Version:** 1

RESOLUTION of the City of San Leandro City Council to Maintain the Current Cannabis Business Gross Receipts Tax of 6% until June 30, 2020, and to Increase it to 7% on July 1, 2020, and to Increase to 8% on July 1, 2022.

WHEREAS, on November 8, 2016, San Leandro voters authorized Measure NN (the Cannabis Business Tax), which established a new gross receipts tax on cannabis businesses that could be established by the Council at a rate of up to 10%; and

WHEREAS, the results of this election were subsequently certified by the City Council on December 19, 2016; and

WHEREAS, on March 20, 2017, the City Council adopted a resolution establishing a gross receipts tax of 6% that is currently set to increase to 7% on July 1, 2019; and

WHEREAS, the City has now issued permits for three cannabis dispensaries, one cannabis manufacturing business and one cannabis laboratory testing facility, consistent with the City's adopted cannabis regulatory ordinance and related San Leandro Zoning Code provisions; and

WHEREAS, all of the above-referenced businesses are subject to the tax created by Measure NN; and

WHEREAS, in the interests of ensuring the success of these new businesses and in recognition of the fact that these businesses have significant up-front capital and tenant improvement costs as well as other significant state and federal tax obligations, the City Council desires to retain the current tax rate during the initial years of implementation of the City's cannabis business program, and then gradually increase the tax rate in subsequent years; and

WHEREAS, the City Council recognizes that other communities in the region have either adopted their own unique local cannabis tax rates, or chosen not to implement such local taxes at all, and also understands the importance of establishing local tax rates that will help support the competitiveness of local San Leandro-based cannabis businesses; and

WHEREAS, based on these factors, the City Council desires to delay for an additional year the increase in the tax rate that was set to take effect on July 1, 2019.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That said cannabis business tax rate is hereby set at 6% of gross receipts, which shall remain in effect until June 30, 2020. Unless subsequently modified by future action of the City Council, the tax rate shall then increase to 7% of gross receipts effective July 1, 2020, and then increase to 8% of gross receipts effective July 1, 2022.